

DOCKET NO. 2014-346-WS

EXHIBIT A - DIUC RESPONSE (09/03/2020)

includes, but is not limited to, statements, contracts, agreements, reports, opinions, graphs, books, records, letters, correspondence, notes, notebooks, minutes, diaries, memoranda, transcripts, photographs, pictures, photomicrographs, prints, negatives, motion pictures, sketches, drawings, publications, and tape recordings.

Wherever in this audit request a masculine pronoun or possessive adjective appears, it refers to both males and females in accordance with traditional English usage.

ORS reserves its right to utilize the responses to this information request as evidence at the hearing.

IT IS THEREFORE REQUESTED:

- I. That all information shall be provided to ORS in the format requested.
- II. That all responses to the audit requests below be labeled using the same numbers as used herein.
- III. That the requested information be bound in 3-ring binders with numbered tabs between each question.
- IV. That if information requested is found in other places or other exhibits, reference shall not be made to those; instead, that the information be reproduced and placed in the audit response in the appropriate numerical sequence.
- V. That any inquiries or communications relating to questions concerning clarification of the information requested below should be directed to Jeff Nelson, Esquire [803-737-0823] or Andrew Bateman, Esquire [803.737.8440] of ORS.
- VI. That this entire list of questions be reproduced and included in front of each set of responses.
- VII. That each question be reproduced and placed in front of the response provided.
- VIII. That unless otherwise specified, the Company provide one (1) electronic version of the responses to ORS.
- IX. That all exhibits be reduced or expanded to 8 ½" x 11" format, where practical.
- X. If the response to any audit request is that the information requested is not currently available, please state when the information requested will be available and provided to ORS. This statement is not a waiver of the deadline for all other responses.

- XI. That in addition to the signature and verification at the close of the Company's responses, the Company witness(es) or employee(s) or agent(s) responsible for the information contained in each response be indicated.
- XII. This request shall be deemed to be continuing so as to require the Company to supplement or amend its responses as any additional information becomes available.
- XIII. For information requested herein where the information is kept, maintained, or stored using spreadsheets, please provide electronic versions of the spreadsheets, including the formulas used and embedded in the spreadsheet.
- XIV. For every page produced to ORS that contains confidential information, the page be marked "CONFIDENTIAL" in the header.

REQUESTS:

- 1-1 Please provide all documents that support Rate Case Expenses of \$269,356 as identified in the Second Rehearing Direct Testimony of John F. Guastella (p. 17, l. 6) including, but not limited to, the calculation, reconciliation and vendor invoices.
- (a) Please provide all documentation to demonstrate the invoices that are included in the amount of \$269,356 have been paid by DIUC.

/s/Andrew M. Bateman

Jeff Nelson, Esquire

Andrew M. Bateman, Esquire

South Carolina Office of Regulatory Staff

1401 Main St., Ste. 900

Columbia, SC 29201

Phone: (803) 737-8440

(803) 737-0794

(803) 737-5252

Email: jnelson@ors.sc.gov

abateman@ors.sc.gov

June 29, 2020

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA

DOCKET NO. 2014-346-WS

IN RE: Application of Daufuskie Island Utility)
Company, Incorporated for Approval of)
An Increase for Water and Sewer Rates,)
Terms and Conditions-Second Remand)
)
)
)

**DAUFUSKIE ISLAND UTILITY
COMPANY, INC.'S RESPONSES
TO SOUTH CAROLINA OFFICE
OF REGULATORY STAFF'S
FIRST CONTINUING REQUEST
FOR PRODUCTION OF THE
SECOND REMAND**

**TO: ANDREW M. BATEMAN, ESQUIRE, ATTORNEY FOR THE SOUTH CAROLINA
OFFICE OF REGULATORY STAFF (“ORS”)**

Daufuskie Island Utility Company, Inc. (“DIUC”) hereby responds to The South Carolina Office of Regulatory Staff’s (“ORS”) First Continuing Request for Production of the Second Remand pursuant to S.C. Code Ann. § 58-4-55 (Supp. 2019), 58-5-230, S.C. Code Regs., 103-517, and 103-719 as follows:

ORS Request 1-1

Please provide all documents that support Rate Case Expenses of \$269,356 as identified in the Second Rehearing Direct Testimony of John F. Guastella (p. 17, l. 6) including, but not limited to, the calculation, reconciliation and vendor invoices.

(a) Please provide all documentation to demonstrate the invoices that are included in the amount of \$269,356 have been paid by DIUC.

RESPONSE:

DIUC objects to this Request because it is unduly burdensome and because in direct contradiction of a ruling of the South Carolina Supreme Court, the Request seeks to impose a higher level of scrutiny and an increased burden of production regarding the extensive documentation DIUC has already provided to ORS and to the Commission regarding DIUC's Rate Case Expenses. *See DIUC v. S.C. Office Reg. Staff*, 427 S.C. 458, 462-3, 832 S.E.2d 572, 574 (2019), *reh'g denied* (Sept. 27, 2019) (hereinafter "*DIUC II*"). Subject to and preserving its objections, DIUC responds as follows:

Documents supporting the Rate Case Expenses sought by DIUC were produced with DIUC's Responses to Office of Regulatory Staff's First Continuing Audit Information Request in Proceeding on Remand dated October 27, 2017 and Attachment to ORS 1-12 Rate Case Expenses therewith produced. DIUC also previously provided ORS and the Commission support for its requested Rate Case Expenses, through testimony and exhibits. *See* Transcript of Proceedings (October 28, 2015), Transcript of Proceedings (December 6 and 7, 2017), Prefiled Second Rehearing Testimony of John F. Guastella (June 16, 2020). DIUC incorporates and relies upon these documents and transcripts. Provided herewith is a one-page chart entitled GA Rate Case Invoices and Payments to Date. Additional testimony and documents may also be provided as this second rehearing proceeding continues, including future testimony, both prefiled and live testimony, and exhibits.

Respectfully submitted,

/s/ Thomas P. Gressette Jr.

Thomas P. Gressette, Jr.

Direct: (843) 727-2249

Email: Gressette@WGFLAW.com

G. Trenholm Walker

Direct: (843) 727-2208

Email: Walker@WGFLAW.com

WALKER GRESSETTE FREEMAN & LINTON, LLC

Mail: P.O. Box 22167, Charleston, SC 29413

Office: 66 Hasell Street, Charleston, SC 29401

Phone: (843) 727-2200

July 10, 2020

Charleston, South Carolina

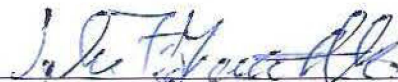
Attachments:

Verification

GA Rate Case Invoices and Payments to Date (July 10, 2020)

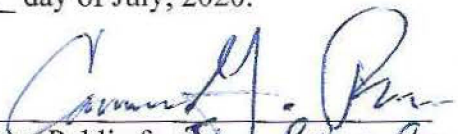
VERIFICATION

I, John F. Guastella, General Manager of Daufuskie Island Utility Company, hereby affirm that the foregoing DAUFUSKIE ISLAND UTILITY COMPANY, INC.'S RESPONSES TO SOUTH CAROLINA OFFICE OF REGULATORY STAFF'S FIRST CONTINUING REQUEST FOR PRODUCTION OF THE SECOND REMAND are true and accurate to the best of my knowledge based on my understanding of the questions.



John F. Guastella

SWORN to before me this
10th day of July, 2020.


 Notary Public for FD, Palm Beach Co.
 My Commission Expires: July 2, 2023

Notary Public State of Florida Cameron G Reese My Commission GG 351377 Expires July 2, 2023
--

GA Rate Case Invoices and Payments to Date

	<u>GA Consulting - Rate Case Docket No 2014-346-WS</u>	<u>Invoice No.</u>	<u>Due</u>	<u>Paid</u>
	Invoiced 7.10.14	133	\$ 1,612.50	12.1.14
	Invoiced 9.5.14	139	\$ 16,687.50	12.1.14
	Invoiced 10.14.14	145	\$ 5,130.00	12.1.14
	Invoiced 11.11.14	151	\$ 13,122.50	8.22.18
	Invoiced 12.9.14	165	\$ 14,600.00	8.22.18
	Invoiced 1.5.15	170	\$ 19,932.50	8.22.18
	Invoiced 2.10.15	179	\$ 25,239.02	8.22.18
	Invoiced 3.6.15	184	\$ 15,692.50	8.22.18
	Invoiced 4.8.15	192	\$ 4,792.50	8.22.18
	Invoiced 5.20.15	204	\$ 17,992.50	8.22.18
	Invoiced 6.5.15	209	\$ 19,067.48	8.22.18
	Invoiced 7.1.15	211	\$ 53,810.00	8.22.18
	Invoiced 8.10.15	215	\$ 67,860.00	8.22.18
	Invoiced 10.14.15	223	\$ 19,870.00	8.22.18
	Invoiced 11.9.15	228	\$ 82,695.34	10.10.19
	Invoiced 12.11.15	232	\$ 37,812.50	11.16.19
	Invoiced 1.6.16	236	\$ 17,412.50	11.16.19
	Invoiced 2.4.16	242	\$ 14,652.50	3.18.20
	Invoiced 3.12.16	247	\$ 3,772.50	3.26.20
	Invoiced 5.16.16	259	\$ 5,562.50	3.26.20
	Invoiced 6.21.16	263	\$ 8,522.50	3.26.20
	Invoiced 7.13.16	269	\$ 5,617.50	3.26.20
	Invoiced 8.12.16	274	\$ 2,537.50	3.26.20
	Invoiced 9.6.16	277	\$ 15,357.50	3.26.20
	Invoiced 11.18.16	288	\$ 1,307.50	6.26.20
	Invoiced 1.9.17	292	\$ 22,117.50	6.26.20
	Invoiced 7.17.17	327	\$ 7,825.00	6.26.20
	Invoiced 8.18.17	333	\$ 2,325.00	
	Invoiced 9.15.17	335	\$ 9,700.00	
	Invoiced 10.17.17	337	\$ 10,351.25	
	Total as of November 1, 2017		\$ 542,978.09	

Amount Paid to date

\$ 520,601.84

Note: Does not include subsequent billings.

CERTIFICATE OF SERVICE

This is to certify that on July 10, 2020, I caused to be served upon the counsel of record named below a copy of the foregoing **DAUFUSKIE ISLAND UTILITY COMPANY, INC.'S RESPONSES TO SOUTH CAROLINA OFFICE OF REGULATORY STAFF'S FIRST CONTINUING REQUEST FOR PRODUCTION OF THE SECOND REMAND** via electronic mail, as indicated. A copy of the Responses were also filed via the Commission's DMS.

Andrew M. Bateman, Esq. (abateman@ors.sc.gov)

Jeff Nelson, Esq. (jnelson@ors.sc.gov)

John J. Pringle, Jr., Esq. (jack.pringle@arlaw.com)

John F. Beach, Esq. (john.beach@arlaw.com)

From: Bateman, Andrew <abateman@ors.sc.gov>
Sent: Thursday, July 23, 2020 1:52 PM
To: Tom Gressette <Gressette@WGFLAW.com>
Cc: Trenholm Walker <Walker@WGFLAW.com>; Nelson, Jeff <jnelson@ors.sc.gov>
Subject: RE: [External] DIUC Responses

Tom,

I hope you're well. I'm sure you've seen the directive issued by the Commission yesterday in which it requested that ORS continue its investigatory review of DIUC's rate case invoices (<https://dms.psc.sc.gov/Attachments/Order/b7f41bb7-786b-453e-93aa-589716f7d793>). ORS understands that this matter is time sensitive and would like to conduct this review as expeditiously as practicable. Accordingly, we would request that the Company provide complete answers to the questions previously asked. Namely, by e-mail sent on June 29, 2020, ORS requested that DIUC:

- 1-1 Please provide all documents that support Rate Case Expenses of \$269,356 as identified in the Second Rehearing Direct Testimony of John F. Guastella (p. 17, l. 6) including, but not limited to, the calculation, reconciliation and vendor invoices.
- (a) Please provide all documentation to demonstrate the invoices that are included in the amount of \$269,356 have been paid by DIUC.

In response, DIUC informed ORS that the supporting documents were previously produced and could be found in DIUC's filed testimony. Additionally, DIUC provided an excel chart indicating certain invoices were paid. ORS would once again reiterate the request that all documentation that demonstrates payment of these invoices be provided. While certainly not exhaustive, examples of documentation that may indicate payment would include copies of cancelled checks or ACH transactions. It is also my understanding that neither the previous information provided nor DIUC testimony indicates which invoices comprise the \$269,356 of sought expenses. As a result, please provide that, as well.

ORS would like the Commission to be able to maintain its previously scheduled hearing date of September 3, 2020; however, in order to keep that date, it is imperative that the parties cooperatively work together to ensure all pertinent information is readily available.

Please confirm that you've received this e-mail and let me know the date by which DIUC will be able to provide the answers to the above questions.

Thanks,

Andrew

From: Tom Gressette <Gressette@WGFLAW.com>
Sent: Friday, July 10, 2020 3:38 PM
To: Bateman, Andrew <abateman@ors.sc.gov>; Nelson, Jeff <jnelson@ors.sc.gov>; John J. Pringle, Jr. <jack.pringle@arlaw.com>; John Beach <john.beach@arlaw.com>
Cc: Kim Weldin <KWeldin@WGFLAW.com>; 'John F. Guastella' <jfg@guastella.com>; Trenholm Walker <Walker@WGFLAW.com>
Subject: [External] DIUC Responses

Attached please find DIUC's Responses to First Continuing Request for Production of the Second Remand with Attachments.

I hope you all enjoy a pleasant weekend.

Tom



TOM GRESSETTE
843.727.2249 direct
Gressette@WGFLAW.com

PO Box 22167, Charleston, SC 29413
66 Hasell Street, Charleston, SC 29401

The information contained in this message, including attachments, is confidential and may contain information protected by the attorney-client privilege or work product doctrine. If you are not the addressee, any disclosure, copying, distribution, or use of the contents of this message are prohibited. If you have received this communication in error, please destroy it and notify me immediately by calling 843-727-2200.

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA

DOCKET NO. 2014-346-WS

IN RE: Application of Daufuskie Island Utility) Company, Incorporated for Approval of) An Increase for Water and Sewer Rates,) Terms and Conditions-Second Remand) <hr style="width: 50%; margin-left: 0;"/>	SOUTH CAROLINA OFFICE OF REGULATORY STAFF’S SECOND CONTINUING REQUEST FOR PRODUCTION OF THE SECOND REMAND
TO: TOM GRESSETTE, ESQUIRE, ATTORNEY FOR DAUFUSKIE ISLAND UTILITY COMPANY, INC. (“DIUC” OR THE “COMPANY”)	

The South Carolina Office of Regulatory Staff (“ORS”) hereby requests, pursuant to S.C. Code Ann. § 58-4-55 (Supp. 2019), 58-5-230, S.C. Code Regs., 103-517, 103-719, and Commission Order No. 2020-496 that DIUC provide responses in writing and electronically where required and under oath and serve the undersigned as soon as possible but not later than August 10th, 2020, to ORS at 1401 Main Street, Suite 900, Columbia, South Carolina, 29201. If you are unable to respond to any of the audit requests, or part or parts thereof, please specify the reason for your inability to respond and state what other knowledge or information you have concerning the unanswered portion.

As used in these audit requests, “identify” means, when asked to identify a person, to provide the full name, business title, address and telephone number. As used in these audit requests, “address” means mailing address and business address. When asked to identify or provide a document, “identify” and “provide” mean to provide a full and detailed description of the document and the name and address of the person who has custody of the document. In lieu of providing a full and detailed description of a document, you may attach to your responses a copy of the document and identify the person who has custody of it. When the word “document” is used herein, it means

EXHIBIT D - DIUC RESPONSE (09/03/2020)

any written, printed, typed, graphic, photographic, or electronic matter of any kind or nature and includes, but is not limited to, statements, contracts, agreements, reports, opinions, graphs, books, records, letters, correspondence, notes, notebooks, minutes, diaries, memoranda, transcripts, photographs, pictures, photomicrographs, prints, negatives, motion pictures, sketches, drawings, publications, and tape recordings.

Wherever in this audit request a masculine pronoun or possessive adjective appears, it refers to both males and females in accordance with traditional English usage.

ORS reserves its right to utilize the responses to this information request as evidence at the hearing.

IT IS THEREFORE REQUESTED:

- I. That all information shall be provided to ORS in the format requested.
- II. That all responses to the audit requests below be labeled using the same numbers as used herein.
- III. That the requested information be bound in 3-ring binders with numbered tabs between each question.
- IV. That if information requested is found in other places or other exhibits, reference shall not be made to those; instead, that the information be reproduced and placed in the audit response in the appropriate numerical sequence.
- V. That any inquiries or communications relating to questions concerning clarification of the information requested below should be directed to Jeff Nelson, Esquire [803-737-0823] or Andrew Bateman, Esquire [803.737.8440] of ORS.
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- VII. That each question be reproduced and placed in front of the response provided.
- VIII. That unless otherwise specified, the Company provide one (1) electronic version of the responses to ORS.
- IX. That all exhibits be reduced or expanded to 8 ½" x 11" format, where practical.

- X. If the response to any audit request is that the information requested is not currently available, please state when the information requested will be available and provided to ORS. This statement is not a waiver of the deadline for all other responses.
- XI. That in addition to the signature and verification at the close of the Company's responses, the Company witness(es) or employee(s) or agent(s) responsible for the information contained in each response be indicated.
- XII. This request shall be deemed to be continuing so as to require the Company to supplement or amend its responses as any additional information becomes available.
- XIII. For information requested herein where the information is kept, maintained, or stored using spreadsheets, please provide electronic versions of the spreadsheets, including the formulas used and embedded in the spreadsheet.
- XIV. For every page produced to ORS that contains confidential information, the page be marked "CONFIDENTIAL" in the header.

REQUESTS:

- 2-1 In reference to the one-page chart labeled as "GA Rate Case Invoices and Payments to Date" provided by DIUC in response to ORS Request 1-1, please provide the following information and documents for each of the 27 payments made by DIUC and listed in the one-page chart:
 - (a) A copy of the bank statement for the applicable month in which the payment cleared the bank to demonstrate the payments were completed. Please highlight on each bank statement the payments for the invoices.
 - (b) If any of the invoices were aggregated into a single payment, provide a listing of the invoice groupings (that foot to a total) to assist in tracking the payment to the bank statement.
 - (c) Identify if DIUC paid a late fee, surcharge, penalty or interest for which it now seeks recovery from its ratepayers. If a late fee, surcharge, penalty, or interest was paid, for which DIUC now seeks recovery from its ratepayers, provide a copy of the invoice with the late fee, surcharge, penalty or interest amount listed.
 - (d) If DIUC paid a late fee, surcharge, penalty or interest for which it now seeks recovery from its ratepayers, provide the executed agreement that authorizes the late fee, surcharge, penalty, or interest.
 - (e) Name and title of the individual responsible for the approval of the invoices for payment.
 - (f) Name and title of the individual responsible for processing the payment.
- 2-2 Please provide an explanation for why DIUC has not paid the following invoices:
 - (a) #333 \$2,325.00
 - (b) #335 \$9,700.00
 - (c) #337 \$10,351.25

/s/Andrew M. Bateman

Jeff Nelson, Esquire

Andrew M. Bateman, Esquire

South Carolina Office of Regulatory Staff

1401 Main St., Ste. 900

Columbia, SC 29201

Phone: (803) 737-8440

(803) 737-0794

(803) 737-5252

Email: jnelson@ors.sc.gov

abateman@ors.sc.gov

July 24, 2020

BEFORE

THE PUBLIC SERVICE COMMISSION OF

SOUTH CAROLINA

DOCKET NO. 2014-346-WS

IN RE: Application of Daufuskie Island Utility)
 Company, Incorporated for Approval of)
 An Increase for Water and Sewer Rates,)
 Terms and Conditions-Second Remand)
 _____)

**DIUC’S SUPPLEMENTAL RESPONSES TO ORS’S FIRST CONTINUING REQUEST
 FOR PRODUCTION OF THE SECOND REMAND
 AND
 DIUC’S RESPONSES TO ORS’S SECOND CONTINUING REQUESTS FOR
 PRODUCTION OF THE SECOND REMAND WITH OBJECTIONS**

TO: ANDREW M. BATEMAN, ESQUIRE,
 ATTORNEY FOR THE S.C. OFFICE OF REGULATORY STAFF (“ORS”)

Daufuskie Island Utility Company, Inc. (“DIUC”) hereby supplements its Responses to The South Carolina Office of Regulatory Staff’s (“ORS”) First Continuing Request for Production of the Second Remand and provides these Responses to ORS’s Second Continuing Request for Production of the Second Remand.

REQUEST 1-1

Please provide all documents that support Rate Case Expenses of \$269,356 as identified in the Second Rehearing Direct Testimony of John F. Guastella (p. 17, l. 6) including, but not limited to, the calculation, reconciliation and vendor invoices.

- (a) Please provide all documentation to demonstrate the invoices that are included in the amount of \$269,356 have been paid by DIUC.**

RESPONSE:

DIUC objects to this Request because it is unduly burdensome and because it is imposed in direct contradiction of rulings of the South Carolina Supreme Court. DIUC further objects because the Request imposes a higher level of scrutiny and an increased burden of production upon DIUC in addition to the extensive documentation DIUC has already provided to ORS and to the Commission regarding DIUC’s Rate Case Expenses. By requesting more information about the rate case payments to Guastella Associates (“GA”), ORS is again engaging in the precise conduct

rejected by the Supreme Court in the recent appeal of the Commission's Order on Rehearing. Addressing this issue, the Court ruled:

Additionally, in contrast to the commission's assessment of the invoices in its order after the initial hearing, the commission heavily scrutinized the format of the Guastella invoices on remand. The commission's order on remand provides, "The Commission agrees with ORS.... The evidence shows that a large sum of what DIUC seeks was based on invoices that could not be verified." The commission's order denying DIUC's motion for reconsideration also provides, "ORS ... completed a thorough review of all invoices from Guastella Associates, and found that they 'contained mathematical errors, lacked sufficient detail, and/or did not appear to be paid.'" However, the commission expressed these concerns with the invoices only in its evaluation on remand. The commission's harsher treatment of the *same* invoices on remand—of which rate case expenses were previously awarded—convinces us the commission itself employed a retaliatory standard of scrutiny.

DIUC v. S.C. Office Reg. Staff, 427 S.C. 458, 462-3, 832 S.E.2d 572, 574 (2019), *reh'g denied* (Sept. 27, 2019) (hereinafter "*DIUC II*"). The Court specifically rejected the Commission's adoption on remand of ORS's position that the costs attributable to GA for rate case work required further documentation to verify they had been paid. The Court was clear in its assessment of the higher standard ORS now seeks again to impose upon these same invoices:

...these retaliatory actions by ORS are deeply troubling. We rightfully demand more of government representatives—like ORS—than such an unprofessional approach to the legitimate financial interests of South Carolina businesses, *and* of South Carolina utility ratepayers. Likewise, we expect more respect for the rulings of this Court that administrative officers exhibit when they retaliated against parties who prevail against them on appeal.

DIUC II, 427 S.C. at 460. In fact, the higher standard ORS seeks to impose and the burden upon DIUC to respond to discovery and produce additional documents now is even more harsh than before. It should also be noted that the information sought is still absolutely irrelevant as to whether DIUC actually incurred the rate case expenses at issue.

Subject to and preserving its objections, DIUC responds as follows:

Documents supporting the Rate Case Expenses sought by DIUC were produced with DIUC's Responses to Office of Regulatory Staff's First Continuing Audit Information Request in Proceeding on Remand dated October 27, 2017, and Attachment to ORS 1-12 Rate Case Expenses therewith produced. DIUC also previously provided ORS and the Commission support for its requested Rate Case Expenses, through testimony and exhibits. *See* Transcript of Proceedings (October 28, 2015), Transcript of Proceedings (December 6 and 7, 2017), Prefiled Second Rehearing

Testimony of John F. Guastella (June 16, 2020). DIUC incorporates and relies upon these documents and transcripts.

DIUC's Responses to ORS's First Continuing Request for Production of the Second Remand dated July 10, 2020, provided to ORS a one-page chart entitled GA Rate Case Invoices and Payments to Date and stated additional testimony and documents may also be provided as this second rehearing proceeding continues, including future testimony, both prefiled and live testimony, and exhibits. *See* Docket #292711, incorporated herein as if restated in its entirety.

Also, attached please find DIUC Response Attachment 2-1.

REQUEST 2-1

In reference to the one-page chart labeled as "GA Rate Case Invoices and Payments to Date" provided by DIUC in response to ORS Request 1-1, please provide the following information and documents for each of the 27 payments made by DIUC and listed in the one-page chart:

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Documents supporting the Rate Case Expenses sought by DIUC were produced with DIUC's Responses to Office of Regulatory Staff's First Continuing Audit Information Request in Proceeding on Remand dated October 27, 2017, and Attachment to ORS 1-12 Rate Case Expenses therewith produced. DIUC also previously provided ORS and the Commission support for its requested Rate Case Expenses, through testimony and exhibits. *See* Transcript of Proceedings (October 28, 2015), Transcript of Proceedings (December 6 and 7, 2017), Prefiled Second Rehearing

Testimony of John F. Guastella (June 16, 2020). DIUC incorporates and relies upon these documents and transcripts.

DIUC's Responses to ORS's First Continuing Request for Production of the Second Remand dated July 10, 2020, provided to ORS a one-page chart entitled GA Rate Case Invoices and Payments to Date and stated additional testimony and documents may also be provided as this second rehearing proceeding continues, including future testimony, both prefiled and live testimony, and exhibits. *See* Docket #292711, incorporated herein as if restated in its entirety.

As to (a) and (b), attached please find DIUC Response Attachment 2-1.

As to (c) and (d), there were no late fees, surcharges, penalties, or interest.

As to (e) and (f), John Guastella, President of GA, and Michal Guastella, Vice President of GA, are responsible for approval and payment of all expenses pursuant to the Management Agreement which is, by its terms, between GA and Daufuskie Island Utility Company, Inc. ("Company" or "DIUC"), the Company's parent corporation, Daufuskie Island Utility Holding Company, LLC ("Parent") and the Parent's individual stockholders, together with the Company's, Parent's and Stockholders' heirs, assigns and successors (collectively, the Company, Parent and Stockholders therein referred to as "Clients").

REQUEST 2-2

Please provide an explanation for why DIUC has not paid the following invoices:

- (a) #333 \$ 2,325.00
- (b) #335 \$ 9,700.00
- (c) #337 \$10,351.25

RESPONSE:

DIUC objects to this Request because it is unduly burdensome and because it is imposed in direct contradiction of rulings of the South Carolina Supreme Court. DIUC further objects because the Request imposes a higher level of scrutiny and an increased burden of production upon DIUC in addition to the extensive documentation DIUC has already provided to ORS and to the Commission regarding DIUC's Rate Case Expenses. By requesting more information about the rate case payments to Guastella Associates ("GA"), ORS is again engaging in the precise conduct rejected by the Supreme Court in the recent appeal of the Commission's Order on Rehearing. Addressing this issue, the Court ruled:

Additionally, in contrast to the commission's assessment of the invoices in its order after the initial hearing, the commission heavily scrutinized the format of the Guastella invoices on remand. The commission's order on remand provides, "The

Commission agrees with ORS.... The evidence shows that a large sum of what DIUC seeks was based on invoices that could not be verified.” The commission’s order denying DIUC’s motion for reconsideration also provides, “ORS ... completed a thorough review of all invoices from Guastella Associates, and found that they ‘contained mathematical errors, lacked sufficient detail, and/or did not appear to be paid.’” However, the commission expressed these concerns with the invoices only in its evaluation on remand. The commission’s harsher treatment of the *same* invoices on remand—of which rate case expenses were previously awarded—convinces us the commission itself employed a retaliatory standard of scrutiny.

DIUC v. S.C. Office Reg. Staff, 427 S.C. 458, 462-3, 832 S.E.2d 572, 574 (2019), *reh’g denied* (Sept. 27, 2019) (hereinafter “*DIUC II*”). The Court specifically rejected the Commission’s adoption on remand of ORS’s position that the costs attributable to GA for rate case work required further documentation to verify they had been paid. The Court was clear in its assessment of the higher standard ORS now seeks again to impose upon these same invoices:

...these retaliatory actions by ORS are deeply troubling. We rightfully demand more of government representatives—like ORS—than such an unprofessional approach to the legitimate financial interests of South Carolina businesses, *and* of South Carolina utility ratepayers. Likewise, we expect more respect for the rulings of this Court that administrative officers exhibit when they retaliated against parties who prevail against them on appeal.

DIUC II, 427 S.C. at 460. In fact, the higher standard ORS seeks to impose and the burden upon DIUC to respond to discovery and produce additional documents now is even more harsh than before. It should also be noted that the information sought is still absolutely irrelevant as to whether DIUC actually incurred the rate case expenses at issue.

Subject to and preserving its objections, DIUC responds as follows:

Documents supporting the Rate Case Expenses sought by DIUC were produced with DIUC’s Responses to Office of Regulatory Staff’s First Continuing Audit Information Request in Proceeding on Remand dated October 27, 2017, and Attachment to ORS 1-12 Rate Case Expenses therewith produced. DIUC also previously provided ORS and the Commission support for its requested Rate Case Expenses, through testimony and exhibits. *See* Transcript of Proceedings (October 28, 2015), Transcript of Proceedings (December 6 and 7, 2017), Prefiled Second Rehearing Testimony of John F. Guastella (June 16, 2020). DIUC incorporates and relies upon these documents and transcripts.

DIUC’s Responses to ORS’s First Continuing Request for Production of the Second Remand dated July 10, 2020, provided to ORS a one-page chart entitled GA Rate Case Invoices and

Payments to Date and stated additional testimony and documents may also be provided as this second rehearing proceeding continues, including future testimony, both prefiled and live testimony, and exhibits. *See* Docket #292711, incorporated herein as if restated in its entirety.

DIUC further states that payments of all DIUC expenses and capital requirements are made according to cash flow, always prioritizing the provision of adequate service to the customers.

Respectfully submitted,

/s/ Thomas P. Gressette Jr.

Thomas P. Gressette, Jr.

Direct: (843) 727-2249

Email: Gressette@WGFLAW.com

G. Trenholm Walker

Direct: (843) 727-2208

Email: Walker@WGFLAW.com

WALKER GRESSETTE FREEMAN & LINTON, LLC

Mail: P.O. Box 22167, Charleston, SC 29413

Office: 66 Hasell Street, Charleston, SC 29401

Phone: (843) 727-2200

August 7, 2020

Charleston, South Carolina

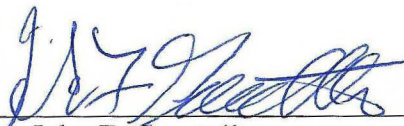
Attachments:

Verification

DIUC Response Attachment 2-1

VERIFICATION

I, John F. Guastella, General Manager of Daufuskie Island Utility Company, hereby affirm that the foregoing **DIUC'S SUPPLEMENTAL RESPONSES TO ORS'S FIRST CONTINUING REQUEST FOR PRODUCTION OF THE SECOND REMAND AND RESPONSES TO ORS'S SECOND CONTINUING REQUEST FOR PRODUCTION OF THE SECOND REMAND WITH OBJECTIONS** are true and accurate to the best of my knowledge based on my understanding of the questions.



John F. Guastella

SWORN to before me this

7 day of ~~July~~ August, 2020.

Robert Blauvelt

Notary Public for Palm Beach FL.
My Commission Expires: 9-22-2020

Notary Public State of Florida Robert Blauvelt My Commission GG032768 Expires 09/22/2020

CERTIFICATE OF SERVICE

This is to certify that on August 7, 2020, I caused to be served upon the counsel of record named below a copy of the foregoing **DIUC'S SUPPLEMENTAL RESPONSES TO ORS'S FIRST CONTINUING REQUEST FOR PRODUCTION OF THE SECOND REMAND AND RESPONSES TO ORS'S SECOND CONTINUING REQUEST FOR PRODUCTION OF THE SECOND REMAND WITH OBJECTIONS** via electronic mail, as indicated. A copy of the Responses were also filed via the Commission's DMS.

Andrew M. Bateman, Esq. (abateman@ors.sc.gov)

Jeff Nelson, Esq. (jnelson@ors.sc.gov)

John J. Pringle, Jr., Esq. (jack.pringle@arlaw.com)

John F. Beach, Esq. (john.beach@arlaw.com)

/s/ Thomas P. Gressette Jr.

Thomas P. Gressette, Jr.

GA Rate Case Invoices and Payments to Date

<u>GA Consulting - Rate Case Docket No 2014-346-WS</u>	<u>Invoice No.</u>	<u>Due</u>	<u>Paid</u>	<u>Bank Statement</u>	<u>Reference Page</u>
Invoiced 7.10.14	133	\$ 1,612.50	12.1.14		
Invoiced 9.5.14	139	\$ 16,687.50	12.1.14	\$ 23,430.00	2
Invoiced 10.14.14	145	\$ 5,130.00	12.1.14		
Invoiced 11.11.14	151	\$ 13,122.50	8.22.18		
Invoiced 12.9.14	165	\$ 14,600.00	8.22.18		
Invoiced 1.5.15	170	\$ 19,932.50	8.22.18		
Invoiced 2.10.15	179	\$ 25,239.02	8.22.18		
Invoiced 3.6.15	184	\$ 15,692.50	8.22.18		
Invoiced 4.8.15	192	\$ 4,792.50	8.22.18	\$ 271,979.00	3
Invoiced 5.20.15	204	\$ 17,992.50	8.22.18		
Invoiced 6.5.15	209	\$ 19,067.48	8.22.18		
Invoiced 7.1.15	211	\$ 53,810.00	8.22.18		
Invoiced 8.10.15	215	\$ 67,860.00	8.22.18		
Invoiced 10.14.15	223	\$ 19,870.00	8.22.18		
Invoiced 11.9.15	228	\$ 82,695.34	10.10.19	\$ 82,695.34	4
Invoiced 12.11.15	232	\$ 37,812.50	11.16.19		
Invoiced 1.6.16	236	\$ 17,412.50	11.16.19	\$ 55,225.00	5
Invoiced 2.4.16	242	\$ 14,652.50	3.18.20	\$ 14,652.50	6
Invoiced 3.12.16	247	\$ 3,772.50	3.26.20	\$ 3,772.50	6
Invoiced 5.16.16	259	\$ 5,562.50	3.26.20	\$ 5,562.50	6
Invoiced 6.21.16	263	\$ 8,522.50	3.26.20	\$ 8,522.50	6
Invoiced 7.13.16	269	\$ 5,617.50	3.26.20	\$ 5,617.50	6
Invoiced 8.12.16	274	\$ 2,537.50	3.26.20	\$ 2,537.50	6
Invoiced 9.6.16	277	\$ 15,357.50	3.26.20	\$ 15,357.50	6
Invoiced 11.18.16	288	\$ 1,307.50	6.26.20		
Invoiced 1.9.17	292	\$ 22,117.50	6.26.20	\$ 31,250.00	7
Invoiced 7.17.17	327	\$ 7,825.00	6.26.20		
Invoiced 8.18.17	333	\$ 2,325.00			
Invoiced 9.15.17	335	\$ 9,700.00			
Invoiced 10.17.17	337	\$ 10,351.25			
Total as of November 1, 2017		\$ 542,978.09			
Amoujnt Paid to date		\$ 520,601.84			

Note: Does not include subsequent billings.

SUNTRUST BANK
PO BOX 305183
NASHVILLE TN 37230-5183



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Page 4 of 4
36/E00/0175/0 /16
[REDACTED] 1660
12/31/2014

Account Statement

1252

DAUPHIN ISLAND UTILITY COMPANY, INC.
C/O QUINTELL ASSOCIATES LLC
4000 N. W. 11th Ave.
Fort Lauderdale, FL 33309

SUNTRUST
04-10-117

11/25/2014

PAY TO THE ORDER OF Quintella Associates LLC \$ 23,430.00

Twenty-Three Thousand Four Hundred Thirty and 00/100 DOLLARS

Quintella Associates LLC
133 Myrtle Lane
Jupiter FL 33458

USING

#00001252* #001000101252* 1252*

Ck # 1252 12/01 \$23,430.00

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SUNTRUST BANK
PO BOX 305183
NASHVILLE TN 37230-5183

Page 3 of 3
36/E00/0175/0/16
[REDACTED] 1660
08/31/2018

Account
Statement

SUNTRUST

08/22

271,979.00

ONLINE BANKING TRANSFER TO 0175 [REDACTED] 1694

SUNTRUST BANK
PO BOX 305183
NASHVILLE TN 37230-5183

SUNTRUST

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Page 2 of 3
36/E00/0175/0/16
[REDACTED] 1660
10/31/2019

**Account
Statement**

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10/10

82,695.34

ONLINE BANKING TRANSFER TO 0175 [REDACTED] 1694

EXHIBIT E - DIUC RESPONSE (09/03/2020)

SUNTRUST BANK
PO BOX 305183
NASHVILLE TN 37230-5183



Page 2 of 3
36/E00/0175/0/16
[REDACTED] 1660
11/30/2019

Account
Statement

11/18

55,250.00

ONLINE BANKING TRANSFER TO 0175 [REDACTED] 1694

Account Statement



SUNTRUST

03/18 14,652.50

10

03/26	3,772.50
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03/26	5,562.50
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03/26	8,522.50
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03/26	5,617.50
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03/26	2,537.50
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03/26	15,357.50
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ONLINE BANKING TRANSFER TO 0175 1000159151694

[REDACTED]

[REDACTED]

[REDACTED]

DISPATCHED TO THE

ONLINE BANKING TRANSFER TO 0175 [REDACTED] 1694

ONLINE BANKING TRANSFER TO 0175 1694

ONLINE BANKING TRANSFER TO 0175 [REDACTED] 1694

ONLINE BANKING TRANSFER TO 0175 ~~1694~~ 1694

ONLINE BANKING TRANSFER TO 0175 1694

ONLINE BANKING TRANSFER TO 0175 ~~XXXXXXXXXX~~1694

SUNTRUST BANK
PO BOX 305183
NASHVILLE TN 37230-5183

SUNTRUST

Page 7 of 7

Page 2 of 3
36/E00/0175/0/16
[REDACTED] 1660
06/30/2020

**Account
Statement**

06/26	1,307.50
06/26	22,117.50
06/26	7,825.00

ONLINE BANKING TRANSFER TO 0175 [REDACTED] 1694
ONLINE BANKING TRANSFER TO 0175 [REDACTED] 1694
ONLINE BANKING TRANSFER TO 0175 [REDACTED] 1694

ELECTRONICALLY FILED - 2020 September 3 4:57 PM - SCPSC - Docket # 2014-346-WS - Page 30 of 30